

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 219 - SB 647

February 17, 2013

SUMMARY OF BILL: Defines a “good and solvent bond” as a bond written by a surety or insurance company listed on the United States Department of Treasury Financial Management Service List of all approved bonding companies which is published annually in the federal register at the time the bond is provided. Prohibits such bond from being written for an amount in excess of the amount indicated as approved for sureties or insurance companies on the List. Requires any surety bond for a public work project to be written by a surety or insurance company that is licensed to do business as a surety or insurer in the state. Any bond not in accordance with this bill and present law regarding such bond would be null and void as against the public policy of Tennessee and would be rejected by the building or bidding authority.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Under current law, no contract may be let for any public work, by any city, county, or state authority, until the contractor has first executed a good and solvent bond to the effect that the contractor will pay for all the labor and materials used by the contractor or subcontractor in such contract. For all contracts in excess of \$100,000, the bond must be for 25 percent of the contract price.
- Additional research may be required by the building or bidding authority to verify that such bonds are good and solvent as defined by the bill. Any increase in workloads can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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